

CPP ANNUAL USE OF CAPITAL SURVEY - 2011



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Wachusett Financial Services, Inc.

Point of Contact:	Richard Hayward, Jr.	RSSD: (For Bank Holding Companies)	3195756
UST Sequence Number:	1345	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	12,000,000	FDIC Certificate Number: (For Depository Institutions)	90181
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	December 11, 2009	City:	Clinton
Date Repaid ¹ :	N/A	State:	Massachusetts

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

☒ **Increase lending or reduce lending less than otherwise would have occurred.**

Throughout 2011, the CPP funds have allowed Clinton Savings Bank (CSB) to keep its lending window open at all times. The CPP funds have allowed CSB to maintain asset balances while solidifying the Bank's capital position. CSB offers very competitive loan rates to meet the needs of the community.

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☒ **To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).**

Although not all loan balances have increased, loan originations have remained strong as the CPP funds have allowed CSB to continue lending in all loan types within the community.

☐ **Increase securities purchased (ABS, MBS, etc.).**

☐ **Make other investments.**

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☒ **Increase reserves for non-performing assets.**

CSB has been able to maintain an adequate Allowance for Loan Loss Reserve for all non-performing loans in all loan categories. The community has faced difficult economic times, but the CPP funds have allowed CSB to work through them with the borrowers & modify loans when appropriate.

☒ **Reduce borrowings.**

Paid off several high rate borrowings.

☐ **Increase charge-offs.**

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☐ Purchase another financial institution or purchase assets from another financial institution.

☐ Held as non-leveraged increase to total capital.

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What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

The CPP funds have allowed CSB to keep the lending window open at all times so that the Bank has been able to meet the needs of the customers in the community, even those that are struggling. CSB has also been able to consider more loan modifications because of the Bank's stronger capital position and Allowance for Loan Loss Reserve balances that might not otherwise be possible.

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What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

As noted above, CSB has been able to increase loan originations and complete more loan modifications for borrowers within the community.

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Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.

None noted.